

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

**In the Matter of**

**A La Carte and Themed Tier Programming  
and Pricing Options for Programming  
Distribution on Cable Television and Direct  
Broadcast Satellite Systems**

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**MB Docket No. 04-207**

**REPLY COMMENTS OF GSN - THE NETWORK FOR GAMES**

GSN - the network for games ("GSN") replies to those commenters seeking some form of government-mandated a la carte carriage or mini-tiers. Proponents of such government intervention have offered little more than generalizations and speculation to carry their heavy burden of demonstrating that regulation of program packaging would yield compelling consumer benefits. The record in this proceeding shows just the opposite.

Cable television and DBS operators offer more and varied programming services to subscribers than ever before. As the Commission concluded earlier this year, due in part to "technological advances and investment in new platforms for delivering video programming, the vast majority of Americans enjoy more choice, more programming and more services than any time in history." See Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming (Tenth Annual Report), 19 FCC Rcd. 1606, (2004) at ¶4. Programmers continue to develop and implement new programming concepts, with over 61 new services planned and in various stages of development. Id. at ¶146. Not only are

there “a growing number of cable networks,” but also “their popularity is increasing” steadily. Id. at ¶26 GSN, the only programmer dedicated to games, game-related programming, and interactive game playing, continues to contribute to such increased diversity through a variety of original programming, as well as classic game shows that otherwise would be unavailable.

GSN is one of numerous programming networks which depend upon both subscription and advertising revenues. As GSN explained in its initial comments, 50 million subscribers (with projected growth) is the approximate threshold for achieving meaningful national advertising revenues. GSN could not have achieved that threshold without carriage on broad-based tiers.

Although a la carte proposals to offer more consumer “choice” may have surface appeal, the underlying economics would decimate most small- to mid-size independent networks. GSN would experience a very substantial and immediate loss of subscription and advertising revenues. In order to reduce subscriber losses, GSN also would be forced to conduct mass marketing campaigns for subscriber retention and acquisition -- campaigns for which it has neither the infrastructure nor budget. Inevitably, the result would be increased license fees that would be passed on to consumers, reduced programming expenditures, and decreased diversity as programmers such as GSN either failed or were acquired by media conglomerates. The only conceivable beneficiaries of a government move to a la carte carriage or mini-tiers would be broadcast networks and affiliated programmers who can maximize their brand identities and cross-promotional machines.

No proponents of a la carte carriage or mini-tiers have explained how this drastic change in the economics of the programming marketplace could conceivably work. Nor have they explained how programmers such as GSN could continue to charge moderate

fees and to invest millions of dollars annually in original programming with significantly greater marketing expenses, a smaller subscriber base and drastically reduced advertising revenues. Quite simply, when the economics of the a la carte concept are subjected to any scrutiny, the numbers just do not “add up.” Viewers would pay more and have fewer programming choices with reduced programming budgets while media concentration rapidly escalated. American viewers would be the ultimate losers.

Respectfully submitted,

GSN -- THE NETWORK FOR GAMES

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